



Natural Energy Utility Corporation

2560 Hoods Creek Pike • Ashland, Kentucky 41102

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602

Case 2004-00456

November 23, 2004

RECEIVED

Case #: 2004-?????

NOV 29 2004

PUBLIC SERVICE
COMMISSION

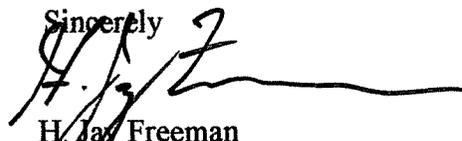
Dear Mr. Dorman

Please be advised that Natural Energy Utility Corporation (NEUC) has acquired the assets of American Natural Gas Corporation (ANGC) pursuant to the Order issued in Case # 2002-00050. NEUC is adopting the Rules, Rates and Regulations enforced by ANGC pursuant to Administrative Regulation 807 KAR 5:011, Section 15(6).

Natural Energy Utility Corporation is filing its quarterly gas cost report with the Kentucky PSC. The enclosed report has a case number of 2004-?????. The calculated gas cost recovery rate enclosed in this report is \$7.8462 and the base rate is \$4.24. The minimum billing rate starting January 01, 2005 should be \$12.0862 for all MCF.

Thank you for your cooperation and please call me if you have any questions.

Sincerely



H. Jay Freeman
President

Enclosure



FOR Entire Service Area

P.S.C. KY. NO. 2002-00192

ORIGINAL SHEET NO. 2

NATURAL ENERGY UTILITY CORPORATION

CANCELLING P.S.C. KY. NO. J

SHEET NO. K

RULES AND REGULATIONS

2) **RATES:**

The following rates are applicable for service rendered on a monthly basis:

Minimum bill: \$12.0862 - covers 0-1 MCF

Cost Per MCF: \$12.0862

A copy of the Company's billing format is attached on Sheet 21.

2(A) Any customer complaining to the Company about a bill or service shall be notified of his right to file a complaint with the PSC and with all other information required by 807 KAR 5:006(9).

3) **CUSTOMER CLASSIFICATIONS:**

Residential: Service to customers who consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses.

Commercial: Service to customers engaged primarily in the sale of goods or service including institutions and local and federal government agencies for uses other than those involving manufacturing or electric power generation.

a) Small Commercial: up to 50MCF/day

b) Large Commercial: more than 50MCF/day

DATE OF ISSUE 05/20/02 DATE EFFECTIVE 001/01/05
MONTH DAY YEAR MONTH DAY YEAR

ISSUED BY H. JAY FREEMAN MGR. President
NAME OF OFFICER TITLE

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

COMPONENT	UNIT	AMOUNT
EXPECTED GAS COST ADJUSTMENT (EGCA)	\$/MCF	\$7.9515
+ REFUND ADJUSTMENT (RA)	\$/MCF	\$0.0000
+ ACTUAL COST ADJUSTMENTS (ACA)	\$/MCF	(\$0.1053)
= GAS COST RECOVERY RATE (GCRR)	\$/MCF	\$7.8462

GCRR to be effective for service rendered from Jan. 1, 2005 to March 31, 2005

A.	EXPECTED GAS COST CALCULATION	UNIT	AMOUNT
	TOTAL EXPECTED GAS COST (SCHEDULE II)	\$	\$686,659.73
	/ SALES FOR THE 12 MONTHS ENDED _____ Sep-04	MCF	86,356
	= EXPECTED GAS COST ADJUSTMENT (ECA)	\$/MCF	\$7.9515

B.	REFUND ADJUSTMENT CALCULATION	UNIT	AMOUNT
	SUPPLIER REFUND ADJUSTMENT FOR REPORTING PERIOD(SCHIII)	\$/MCF	\$0.00
	+ PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT	\$/MCF	\$0.00
	+ SECOND PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT	\$/MCF	\$0.00
	+ THIRD PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT	\$/MCF	\$0.00
	= REFUND ADJUSTMENT (RA)	\$/MCF	\$0.00

C.	ACTUAL COST ADJUSTMENT CALCULATION	UNIT	AMOUNT
	ACTUAL COST ADJ. FOR THE REPORTING PERIOD (SCH. IV)	\$/MCF	\$0.0220
	+ PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	\$0.1162
	+ SECOND PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	(\$0.0075)
	+ THIRD PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	(\$0.2360)
	= ACTUAL COST ADJUSTMENT (ACA)	\$/MCF	(\$0.1053)

SCHEDULE II

EXPECTED GAS COST ADJUSTMENT

ACTUAL * MCF PURCHASES FOR 12 MONTHS ENDED (1)	(2)	(3) BTU CONVERSION FACTOR	(4)	(5)	(6) (4)*(5) COST
SUPPLIER	DTH	CONVERSION FACTOR	MCF	RATE	COST
North Coast Energy	0	1.0740	0	\$5.500	\$0
MARATHON PETROLEUM CORP.	90,152	1.0300	87,526	\$7.750	\$678,327
TENNESSEE GAS PIPELINE	0	1.0300		\$0.000	\$0
COLUMBIA GAS	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
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COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
KOG	0	1.1000	0	\$0.000	\$0
<i>ADJUSTMENT FOR ANTICIPATION OF DECREASED PURCHASE REQUIREMENTS</i>					
MARKETER	0	1.0350	0	\$0.00	\$0
TOTALS	90,152	1.0300	87,526	\$7.75	\$678,326.50

TOTAL EXPECTED COST OF PURCHASES (6)	UNIT	AMOUNT
/ MCF PURCHASES (4)	\$	\$678,326.50
= AVERAGE EXPECTED COST PER MCF PURCHASED	MCF	87,526
* ALLOWABLE MCF PURCHASES	\$/MCF	\$7.7500
(MUST NOT EXCEED MCF SALES / .95)	MCF	88,601
= TOTAL EXPECTED GAS COST (TO SCHEDULE IA.)	\$	\$686,659.73

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

DETAILS FOR THE 9 MONTHS ENDED

Sep-04

PARTICULARS	UNIT	AMOUNT
TOTAL SUPPLIER REFUNDS RECEIVED	\$	\$0.00
+ INTEREST	\$	\$0.00
= REFUND ADJUSTMENT INCLUDING INTEREST	\$	\$0.00
/ SALES FOR 12 MONTHS ENDED	MCF	86,356
	Sep-04	
= SUPPLIER REFUND ADJUSTMENT FOR THE REPORTING PERIOD (TO SCHEDULE IB.)	\$/MCF	\$0.00

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended:	Sep-04				
Particulars		Unit	(Jul-04)	(Aug-04)	(Sep-04)
Total Supply Volumes Purchased		Mcf	2,909	2,627	2,861
Total Cost of Volumes Purchased		\$	\$18,674	\$15,702	\$15,273
Total Sales (may not be less than 95% of supply volumes)		Mcf	2,648	2,393	2,609
Unit cost of Gas		\$/Mcf	\$7.0519	\$6.5617	\$5.8539
EGC in effect for month		\$/Mcf	\$6.2412	\$6.2412	\$6.2412
Difference [(Over-)/Under-Recovery]		\$/Mcf	\$0.8107	\$0.3205	(\$0.3873)
Actual sales during month		Mcf	2,648	2,393	2,609
Monthly cost difference		\$	\$2,146.86	\$766.89	(\$1,010.58)

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	\$1,903.17
Sales for 12 Months ended	Mcf	86,356
Actual Adjustment for the Reporting Period	\$/Mcf	\$0.0220